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DATE:	October 13, 1992	CONFIRMATION NO:
TO:	Melva Hayden	
COMPANY:	U.S. Environmental Protection Agency, Region II	
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FROM:	Sharon M. Mattox	SENDER'S PHONE #: (713) 758 - 4598
MESSAGE:		

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OPERATOR:	RECIPIENT'S FAX#: 212-264-9694	
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October 13, 1992

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VIA TELECOPIER NO. 212-264-9694

Ms. Melva Hayden
Assistant Regional Counsel
U.S. Environmental Protection Agency, Region II
26 Federal Plaza, Room 309
New York, NY 10278

Re: United States v. Occidental Chemical Corporation,
Chemical Land Holdings, Inc., Civil Action
No. 89-5064(JWB) and State of New Jersey, Department
of Environmental Protection v. Occidental Chemical
Corporation, Chemical Land Holdings, Inc., Civ.
Action No. 89-5025(AET) Consent Decree.

Dear Ms. Hayden:

This letter is a follow-up to our previous conversation concerning the above referenced Consent Decree, which was executed by officials of Occidental Chemical Corporation and Chemical Land Holding, Inc., Civ. Action Nos. 89-5064(JWB) and 89-5025(AET) (the "80 Lister Avenue Consent Decree"). Occidental Chemical Corp. requests to be allowed to convert the form of part of the financial assurance contained in the 80 Lister Avenue Consent Decree.

As we have discussed, under the current 80 Lister Avenue Consent Decree, Occidental Chemical Corp. has agreed to provide \$16 million in financial assurance in the form of a Line of Credit. We propose to substitute \$12 million of the \$16 million assurance with a Performance Bond duly authorized by the New Jersey Department of Environmental Protection ("NJDEP"). The proposed Performance Bond will meet the express purpose of the financial assurance portion of the 80 Lister Avenue Consent Decree. The Performance Bond will demonstrate Occidental Chemical Corp.'s ability to complete the work required by the Consent Decree and to pay all claims that may arise in connection with the performance of the required work. See 80 Lister Avenue Consent Decree at Section XVIII.

850600002

Ms. Melva Hayden
October 13, 1992
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The requested substitution will not affect any of the obligations or assurances arising from the 80 Lister Avenue Consent Decree. This requested action is merely a procedural change in an effort to simplify, but not weaken, the financial assurance obligations under the 80 Lister Avenue Consent Decree. The requested substitution simply changes the system by which the financial assurance is given and by whom it is paid. The proposed change has no effect on the amount of or viability of the financial assurance itself.

Attached for your review is a copy of the Performance Bond Form authorized by the NJDEP in connection with financial assurance clauses in Consent Decrees. We propose to use this form for the Performance Bond. We believe that only minor changes will be required in order for the NJDEP Performance Bond Form to meet the requirements set out in Section XVIII of the 80 Lister Avenue Consent Decree. We also recognize that the State of New Jersey must consent to the substitution prior to the change being implemented.

We would like to have all approvals for the substitute financial assurance in place prior to October 28, 1992, in order to meet the date deadlines in the 80 Lister Avenue Consent Decree. We ask that you review the attached Performance Bond Form and allow it to substitute for part of the Line of Credit set out in the 80 Lister Avenue Consent Decree. We believe that the requested substitution can be easily implemented through a simple exchange of letters once approvals are granted by the principals. Your approval of the substitution will ensure that the clean-up required by the 80 Lister Avenue Consent Decree continues in a timely and expedited fashion.

If you have any questions, I can be reached at 713-758-4598.

Very truly yours,

VINSON & ELKINS L.L.P.


Sharon M. Mattox

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Attachment
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850600003

PERFORMANCE BOND

RE: ADMINISTRATIVE CONSENT ORDER executed on _____ date _____ by the New Jersey Department of Environmental Protection and company for the investigation and cleanup of the contaminated Site located at (included lot and block numbers municipality and county)

Date bond executed: _____
 Effective date of bond: _____
 Principal: [legal name and business address of owner or operator of the Site]
 Type of organization: [insert "individual", "joint venture" "partnership" or "corporation"]
 State of Incorporation: _____
 Surety(ies): (name(s) and business address(es))
 Total sum of bond: _____
 Surety bond number: _____
 New Jersey Department of Environmental Protection Contact: (name and address)

KNOW ALL PERSONS BY THESE PRESENTS, THAT WE, the Principal and Surety(ies) hereto, are firmly bound to the New Jersey Department of Environmental Protection, hereinafter, NJDEP, in the above sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally; provided that, where the Surety(ies) are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of sum.

WHEREAS, said Principal has entered into an Administrative Consent Order with NJDEP dated (date), under which Principal has agreed, among other things, to undertake certain actions in order to comply with the Water Pollution Control Act, N.J.S.A. 58:10A-1, the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11, the Solid Waste Management Act, N.J.S.A. 13:1E-1 et seq. and all obligations set forth by the Administrative Consent Order executed for the above referenced property.

WHEREAS, said Principal is required to provide financial assurance in an amount equal or greater than to the cost estimate for implementation of the obligations set forth by the Administrative Consent Order dated _____.

WHEREAS, the condition of this obligation is such that, if Principal shall promptly and faithfully perform its obligations under the Administrative Consent Order, then this obligation shall be null and void; otherwise the surety bond shall remain in full force and effect to assure and guarantee the performance and implementation of all obligations set forth by the Administrative Consent Order for this Site.

Oct 12, 1992 01:2

FROM Maxus Energy Legal

TO 917137582346

P.04

WHEREAS, said Principal shall establish a standby trust fund as is required by the Administrative Consent Order when a surety bond is used to provide a mechanism for access by NJDEP to all or part of such financial assurance required by the Administrative Consent Order to assure performance of the implementation of all obligations set forth by the Administrative Consent Order.

NOW, THEREFORE, the conditions of this obligation are such that if the Principal shall faithfully perform its obligations under the Administrative Consent Order, whenever required to do so, regarding each Site for which this surety bond guarantees performance, then this obligation shall be null and void, otherwise it is to remain in full force and effect.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NJDEP that the Principal has failed to perform as guaranteed by this bond, the Surety(ies) shall either perform the obligations set forth in the Administrative Consent Order or place funds in the amount guaranteed for the investigation and cleanup of the Site into the standby trust fund as directed by the NJDEP.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said sum.

The Surety(ies) may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NJDEP contact referenced above; provided, however, the cancellation shall not occur during the 120 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NJDEP, as evidenced by the return receipts, nor shall cancellation occur while proceedings to enforce the terms of the Administrative Consent Order are pending or actions to a violation of the Administrative Consent Order are underway.

The Principal may terminate the bond by sending written notice to the Surety(ies); provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination of the bond by the NJDEP.

In WITNESS WHEREOF, the Principal and Surety(ies) have executed this Performance Bond and have affixed their seals on the date set forth below.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and the Surety(ies) and that the wording of this surety bond is identical to the wording set forth in Appendix G of the Administrative Consent Order.

Oct 12, 1992 21:11 FROM Maxus Energy Legal

TO 917137562346

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Principal

[Signatures(s)]

[Date]

[Name(s)]

[Title(s)]

[Corporate seal]

[Name and address]

State of incorporation: _____

Liability limit: _____

[Signature(s)]

[Date]

[Name(s) and title(s)]

[Corporate seal]

[For every co-surety, provide signature(s), corporate seal, and other information in the same manner as for Surety above.]

Bond premium: _____